



86TH ANNUAL MEETING

March 30, 2023

6:30 p.m. Registration and Balloting Opens

7:00 p.m. Business Meeting Convenes

8:00 p.m. Social

AGENDA

Call to Order

Eric Peterson, Board President

Honor Guard Flag Presentation

Approval of Agenda

Parliamentarian Appointment

Appointment of Secretary

Certificate of Quorum

Notice of Meeting / Proof of Mailing

Approval of 2022 Minutes

Introduction of Nominees

Balloting Closes

Financial Report

Matt O'Shea, CEO

Report to Members

Matt O'Shea, CEO

Vicky Herkenhoff, VP of Administration and Finance

Cambel Shepherd, 2022 Co-op Youth Tour Delegate

James Pachan, VP of Engineering and Operations

Unfinished Business

New Business

Report of Election Results

Introduction of Elected Directors

Adjournment

Attendance Prizes

SmartHub Info Session (optional)

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85TH ANNUAL MEETING MINUTES

The 85th Annual Meeting of Stearns Electric Association was held at Melrose High School in Melrose, MN, on Tuesday, April 5, 2022 at 7:00 p.m.

Directors Greg Blaine, District 1; Arlyn Lawrenz, District 2; Michael Cramer, District 3; Randy Rothstein, District 4; Steve Notch, District 6; Lonnie Iverson, District 7; Eric Peterson, District 8; and Jerry Fries, District 9 were in attendance. Also present were CEO Robin Doege, Attorney Scott Dymoke and Recording Secretary Deb Hoeschen.

OPENING OF THE MEETING:

Director Lawrenz, provided an invocation. The Presentation of the Colors by the Melrose Honor Guard took place which was followed by the Pledge of Allegiance.

Board President Peterson officially opened the meeting and asked for approval of the agenda. A motion to accept the agenda as printed was made by Scott Andreason, seconded by Jeff Mayer and carried.

President Peterson appointed Attorney Dymoke to serve as Attorney and the Parliamentarian along with Deb Hoeschen as Recording Secretary.

President Peterson announced that a sufficient number of members were present to declare a quorum. Larry Thompson made a motion, seconded by Gordie Imholte to waive the reading of the Notice of Meeting and the Affidavit of Mailing. Motion carried. President Peterson directed both the Notice of Meeting and the Affidavit of Mailing be attached to the minutes. A motion was made by James Rasmusson and seconded by Steve Dudding to accept the 2021 minutes as presented. Motion carried.

Attorney Dymoke announced that balloting would close in five minutes and introduced this year's candidates in districts 2, 3, 5 and 6.

FINANCIAL REPORT:

President Peterson called on CEO Robin Doege to give the financial report. The balance sheet and statement of operations were reviewed as printed in the 2021 Annual Report. CEO Doege stated the 2021 annual audit was performed by Clifton Larson Allen, LLP. CEO Doege also presented a \$1,000 check to President Peterson from Great River Energy (GRE) for the Cooperative's Operation Round Up® program which supports local charitable organizations. A motion to accept the financial report was made by Tom Keller, seconded by Bob Niehaus. Motion carried.

REPORT TO MEMBERS:

VP of Administration and Finance Vicky Herkenhoff reported that the Cooperative's Operation Round Up® program has awarded over 2.7 million dollars since the program's inception in 1993. In 2021 alone, \$163,000 was awarded to 181 community organizations.

Four times a year, approximately 20 members meet to learn more about their electric co-op through the Member Engagement Group. Topics include renewable energy, the Stearns Electric budget and a facilities tour. Members were encouraged to call the Cooperative if they have an interest in serving on the Member Engagement Group.

With COVID still present in 2021, the Cooperative held its second year of the Member Appreciation

Donut Dash. Over 600 members received a 6-pack of donuts from four local bakeries. The Cooperative is transitioning back to the Pancake Feed on Saturday, August 6, 2022 at the Freeport Community Center.

The Annual Meeting also looked different last year due to COVID, when it was held at the Stearns County fairgrounds in Sauk Centre. This drive-in meeting allowed members to attend the meeting from their vehicle or if they wished, they could gather in front of the outdoor stage. While a small sample of Cooperative member-consumers attend the Annual Meeting, VP Herkenhoff noted that all Stearns Electric members are provided with an Annual Report via the mail in an effort to keep all members informed.

Energy Education continued in 2021 despite the ongoing COVID pandemic. Cooperative linemen, Wayne Senst and Levi Jensen, presented the course virtually to 33 schools and nearly 1,650 students in order to share the message of energy efficiency and electrical safety.

VP Herkenhoff described the benefits to using technology through the Cooperative's website and social media accounts. The Stearns Electric website provides a SmartHub link for instant account information. Members can also make a payment, check usage, notify the Co-op of any account issues and even report an outage with SmartHub. The website also features an outage map for members to view outage information. Facebook has also been a tremendous tool to communicate with members. VP Herkenhoff noted the top Facebook story from 2021 was the osprey post where Cooperative linemen built a new platform to rehome osprey who had built their nest atop a power pole near Grey Eagle. This post reached 10,000 people in the first 24 hours and 40,000 people within a week including 150 shares. Newspaper articles were also generated as a result.

The Cooperative continues to evaluate its performance in serving our membership through member surveys. These surveys ask questions about member satisfaction, communication preferences, service priorities and technology interests. In April and May 2021, the Cooperative conducted a random phone and online member survey. The overall satisfaction of the survey resulted in a very good score of 8.94 out of 10 which was higher than the previous two surveys. Feedback included members requesting text messaging and phone calls to alert them of power outages. Additionally, 84% of members agreed that the Board of Directors is working to keep its members' interests as a priority.

In 2021, over \$200,000 in residential rebates were awarded to members along with \$155,000 farm and commercial accounts through EnergyWise program solutions. Stearns Electric also met all spending requirements set forth by the State's conservation improvement guidelines.

Member participation in Dual Fuel, Cycled Air Conditioning and Stored Water programs ultimately impacts our members. Over 25,000 systems were controlled in 2021 which resulted in significant savings in power costs.

2021 marked the start of a 5-year plan to change out load management receivers that will be incompatible to receiving the control signal within

the next few years. The new receivers will increase response time, add features and provide the Cooperative with the ability to adapt to future load-controlling opportunities.

Alternative energy solutions now include 93 member-owned solar arrays and 15 member-owned wind turbines. There are 38 members on an electric vehicle charging program called ChargeWise. Nearly half of those enrollees joined the program in 2021, marking an increased interest in electric vehicles.

The Cooperative ended 2021 with 65 employees. An employee survey completed in June 2021 showed that 92% of employees rated themselves as being proud to work at the Cooperative.

Concern for the community is one of the seven cooperative principles. Community matters – not just for our members but also with our employees. 2021 was the 14th year of our annual Charity Event. Since this internal program started back in 2008, our employees, out of their own pockets, have donated over \$29,000 to organizations like Bikers Against Child Abuse, Quiet Oaks Hospice House, United Way, Central MN Mental Health Center and the Alzheimer's Association. Additionally, employees can spend a portion of their day giving back to our local communities through the My Co-op Cares program. In 2021, Cooperative employees spent time at Eagle's Healing Nest in Sauk Center, St. John's Park in Meire Grove and Angel Reins Stable in St. Augusta.

VP of Engineering and Operations Matt O'Shea reported on the Cooperative's \$6.1 million in construction, materials and upgrades to its distribution system. Consistent maintenance and investment through the Cooperative's work plan is essential to improving the quality and reliability of service to its members. Reliability is especially important when heavy storms like the one that hit the Cooperative's territory on August 28, 2021. Heavy rain, hail and winds between 50-70 mph caused extensive damage to trees which resulted in 9,700 members out of power for up to three days.

In an overview of 2021 outages, VP O'Shea noted that just over 19% was attributed to trees. A major contributing factor to this was that trees that did not fall during the storm were weakened and caused problems later. Overall, the Cooperative experienced its lowest number of outages ever in 2021.

Substation improvements made up 20% of the Cooperative's 2021 work plan. Capacity was increased in three substations. Now during peak conditions, those substation transformers are only loaded to about 50% of their rating. Additionally, \$750,000 was spent upgrading components in 15 other substations, mainly addressing capacity, age and reliability concerns.

System improvements made up 80% of construction plan dollars through upgrading distribution lines and installing new electric services. Over 50 miles of line were either added or rebuilt. For the first time since 2008, over 400 new services were installed for members.

Inspection and maintenance programs are also vital to managing reliability. During line inspections the linemen look for issues like frayed conductors, leaning poles, cracked insulators and loose hardware for repair. One maintenance program critical in keeping members' lights on is our

Right-of-Way or Vegetation Management program. In 2021, the Cooperative started its second 4-year cycle through the distribution system. Work is being done to address danger trees that may be outside the Right-of-Way but could cause significant damage if they fall. In 2021, nearly 1,500 miles of Right-of-Way was cleared and nearly 14,000 problem trees were addressed. This has contributed greatly to the decreasing trend in tree-related outages since the program began.

With regard to technology, the Cooperative really strengthened its protection against cyber threats and attacks by implementing a real-time threat detection and response solution. Microsoft Office 365 was also deployed in 2021 which is more of a cloud-based product.

CEO Doege stated that he considers it a privilege to work with the Cooperative's employees and appreciates the support of its members. Looking forward, the Cooperative's priorities are reliability, good member service, affordability and safety.

In 2021, the Board of Directors and staff created a new strategic plan with a focus on members, employees, infrastructure and technology. The results of the plan will be measured with a scorecard in 2022.

Great River Energy is in the process of transitioning its power supply out of Coal Creek Station and the HVDC (High Voltage Direct Current) line. More renewable energy is being incorporated with this transition.

Looking ahead, the Cooperative will move into more programs for electric vehicles, member resources and energy storage when it makes sense.

Upon completion of his report, CEO Doege asked if anyone in attendance had questions about any of the business reports. James Rasmusson asked a question about whether Cooperative transformers can be controlled by other countries via satellite. VP O'Shea stated that RUS (Rural Utility Service), requires that transformers purchased by Cooperatives are manufactured within the United States and are therefore not controlled by other countries. Allan Dobis asked if the Cooperative can handle the load if caused by a steep increase in demand for electric vehicles. CEO Doege responded that the Cooperative does currently offer an overnight charging program at a special rate. With that said, it is also important to note that the rate of adoption and hype within the auto industry does not necessarily map to needing more than that right now. Government funding is needed to expand infrastructure as the cost should not burden the membership. VP O'Shea also spoke to the point that the Cooperative's distribution system does have the capacity for more than what is demanded right now. Additionally, a 2022 initiative is to create a long-range plan to build out the system to support more electric vehicles.

BUSINESS MEETING:

Attorney Dymoke opened the business meeting stating that the overall governance and management of the Cooperative is vested to the Board of Directors and that any ideas proposed at this meeting would be taken under advisement.

(continued on back)

This is the time for members to ask questions and that three minutes would be allowed per question.

UNFINISHED BUSINESS:

Hearing no further questions, Attorney Dymoke closed the old business portion of the meeting.

NEW BUSINESS:

Attorney Dymoke called for any new business. Scott Andreason made a recommendation to restore the director term limits that had been removed as a result of the 2020 vote to amend the Bylaws. Mr. Andreason made a motion to amend the Bylaws stating, "I move the following Bylaws Amendment: Article IV: Board Members, Section 2. Qualifications and Tenure. Board Members are subject to a term limit of four terms in office". Attorney Dymoke asked for any other new business. Steve Dudding asked if there was a need for a second to Mr. Andreason's motion. Attorney Dymoke stated that the comment period to the question begins a year in advance. Therefore, the Board may take the suggestion into advisement over the next year. Steve Brunswick asked about the Board's position regarding term limits. Attorney Dymoke responded that a Bylaw review had not taken place in over 20 years. Then described how the process had begun in early 2019 and continued for 6-8 months before a recommendation was agreed upon. Additionally, after reviewing other Cooperative term limits, it was discovered that Stearns Electric was an outlier with very few Cooperatives having term limits at all. Attorney Dymoke continued to describe the Director time investment required to learn the industry through classes and significant training noting that it can take 2-3 terms to become truly effective. He continued stating that there was much consideration given to this part of the Bylaws by the Board of Directors. The membership did vote and adopted the Bylaws overwhelmingly although Attorney Dymoke stated this subject could surely be revisited. Hearing no further questions, the new business

portion of the meeting was closed.

ELECTION REPORT AND RESULTS:

Ralph Eynck, lead election teller, came forward and reported the election results. A total of 1,620 ballots were cast with 6 ballots found to be ineligible. The results for a three-year term were as follows:

District 2: Arlyn Lawrenz - 416
Scott Andreasen - 151
Write-Ins - 2

District 3: Michael Cramer - 368
Thomas (Tom) Keller - 168
Write-Ins - 3

District 6: Robert Niehaus - 219
Write-Ins - 3

The results to fill the vacancy in District 5 for the remaining two-years of the open term were as follows:

District 5: Andrew Mackenzie - 16
David Johnson - 23
Jeff Koehler - 93
Joe Borgerding - 59
Kurt Lensing - 63
Troy Walz - 30

Lead election teller Ralph Eynck presented the Certification of the Election Tellers, which is attached to these minutes and made a part thereof.

Attorney Dymoke introduced the election tellers as follows; Shirley Rausch and Karen Buermann from District 4 and Ralph Eynck and Jerry Gohman from District 9.

Attorney Dymoke introduced the elected directors.

President Peterson recognized outgoing Director Notch, for his 15 years of service to the Stearns Electric Board of Directors and wished him well.

CLOSING OF THE MEETING:

There being no further business to conduct, a motion was made by Tom Keller, seconded by Bob Stommes to adjourn the meeting. Motion carried. The meeting adjourned at 8:09 p.m.



SAVE THE DATE!

MEMBER APPRECIATION PANCAKE FEED

Saturday, August 5, 2023

8-11:30 a.m.

Freeport Community Center

Enjoy a free pancake breakfast with
pancakes and sausage served by the
Kimball Lions Club.

Children ages 2-18 in attendance will
receive an age-appropriate bag of
school supplies*

**Offer available while supplies last.*